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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI 2308-82
19 March 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Chairman, National Intelligence Council *HSR*

FROM:
National Intelligence Officer for NESA

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SUBJECT: Middle East Developments Following Termination of Iran-Iraq War

1. This is in response to your request for up-to-date assessments of the state of play, motivations and threats in Lebanon, the impact of the termination of the Iran-Iraq war on Syria and the Israel-Lebanon situation, and the likely nature of superpower relationships with Baghdad and Tehran in the post-war era.

2. Attachment A includes three recent NESA productions on the state of play in Lebanon

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They represent our current thinking on this subject.

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3. Attachment B discusses the impact on Syria and the Israel-Lebanon situation of a cessation of Iran-Iraq hostilities.

4. Attachment C discusses Iran-Iraq superpower relationships in the post Iran-Iraq War era: Moscow clearly recognizes that Iran -- not Iraq or the other Gulf states -- is the strategic prize in the region. An end to the war, however, would neither dramatically improve nor hinder Moscow's position there. Nor does the United States stand to reap either near term benefits or suffer adverse effects from cessation of the war. Many other factors impinge more critically on our relationship with Tehran.

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Attachments:
As Stated

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DDI 2308-82
19 March 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

SUBJECT: Middle East Developments Following Termination of Iran-
Iraq War

NIC/NIO/NESA:

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Attachments:

- A. 3 NESA Production Memos
- B. NESA Memo #82-10109
- C. NESA Memo #82-10107

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Central Intelligence Agency



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE
9 March 1982MEMORANDUM

The Impact of an Israeli Attack on the PLO [REDACTED]

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Summary

The Palestinian Liberation Organization is committed to maintaining its independent military and political presence in Lebanon and would strongly resist an Israeli attack aimed at its positions there. We believe, however, that the PLO would not be able to withstand successfully the kind of major attack [REDACTED]

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[REDACTED] although they could inflict heavy casualties if the Israelis tried to attack Palestinian positions in and around Beirut. [REDACTED]

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A major military defeat would have serious consequences for PLO leader Arafat. He would probably be forced to accommodate resulting radical pressures by moving the organization to the left, and depending on the magnitude of the defeat, he could lose his position. Either development could result in a radicalized PLO, which would have a significant impact on US interests in the region. [REDACTED]

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The PLO in Lebanon

Lebanon is the only area in the Arab world where the Palestinians can operate as an independent entity, and they are determined to preserve their presence there. Without it the PLO leaders believe they would be forced into relying exclusively on Arab states like Syria, which would put their own interests ahead of the Palestinian cause and would seek to limit severely the PLO's political and military freedom to maneuver. [REDACTED]

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This memorandum was prepared by [REDACTED] of the Israel-Levant Branch, Arab-Israeli Division, Office of Near East/South Asia Analysis. It was coordinated with the National Intelligence Officer for Near East South Asia. Information as of 9 March 1982, was used in its preparation. Questions and comments are welcome and should be addressed to Chief, Arab-Israeli Division,

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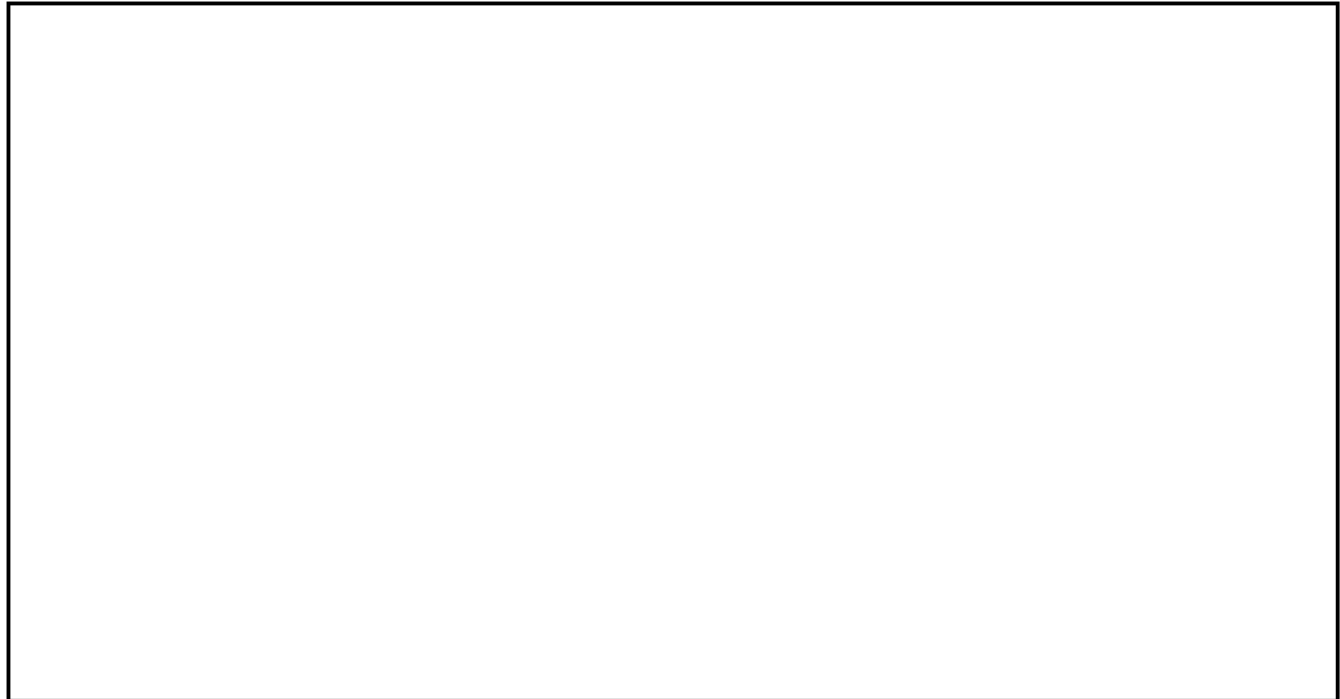
Moreover, the autonomous Palestinian presence--they control much of the area in southern Lebanon between the Litani and Zahrani areas as well as large parts of West Beirut--gives the organization a military option it would almost certainly be denied in other Arab states. The PLO has used its base in Lebanon to build a conventional army, replacing its, small guerilla units with regular forces equipped with Soviet weaponry. This force is designed chiefly to protect the PLO against Syria and Christian militias and is PLO leader Arafat's major tool for enforcing discipline within the PLO. The new equipment and force structure also enhances the PLO's ability to strike at Israel and the occupied territories. [REDACTED]

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Fear of an Israeli Invasion

Arafat believes the major threat to the PLO in Lebanon now comes from a large-scale Israeli invasion. He is concerned that Israeli leaders are planning an operation that would aim at destroying Palestinian forces in the south, eliminating the PLO's leadership and political infrastructure in and around Beirut, and installing a Christian-dominated regime in major parts of Lebanon. [REDACTED]

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But the PLO would feel compelled to fight to preserve its forces in and around Beirut, fearing a loss there could end the independent Palestinian presence in Lebanon. The Palestinians have for some time been fortifying refugee camps and other installations in the Beirut area and are now well dug in. [REDACTED]

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As a result, we believe an Israeli attack [REDACTED] [REDACTED] would almost certainly result in high casualties on both sides. This would be particularly true if the

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Israelis used intensive bombing in and around Beirut. Most Palestinian installations are located either in refugee camps or heavily populated areas of the city, and air attacks would result in high civilian casualties. Last summer's attack on selected PLO installations in Beirut resulted in 300 dead. [REDACTED]

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In our judgment, a major Israeli attack of PLO facilities would, in spite of strong PLO resistance, stand a good chance of achieving its aims. At the risk of high casualties the Israelis could eliminate most of the PLO's military force and destroy much of its political structure. The Israelis would almost certainly want to turn over areas they invaded to the Lebanese Christians in order to guarantee that the Palestinians did not reestablish a major armed presence. [REDACTED]

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Impact on the PLO

Following the ceasefire last July, Arafat came under pressure from PLO radicals who argued that his moderate policies were in part to blame for the Israeli attacks. [REDACTED]

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But it is unlikely that Arafat [REDACTED] in the wake of major Israeli attack that resulted in substantial casualties, the loss of the PLO's military arm, and increased strength for the Lebanese Christians. Radicals would put the blame for a defeat of this magnitude on Arafat, and we believe the PLO leader would be hard pressed to defend himself. He would probably have to accommodate the radicals by moving the PLO to the left. [REDACTED]

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There is a good chance that Arafat and some of his senior supporters might be killed in an Israeli attack. We believe that a period of disarray would follow as various factions fought for control of the organization. In our judgment there is an excellent possibility that he would be succeeded by someone from the more radical faction--either a member of one of the Marxist-oriented groups or from Fatah's left wing--of the PLO. Such a change at the top would almost certainly result in a fundamental change in PLO strategy and tactics. [REDACTED]

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Outlook and Implications for the US

A PLO radicalized by a major military defeat and deprived of its independent presence in Lebanon would follow a substantially different course from the one it now pursues. Arafat's diplomatic strategy, emphasizing good ties with West European countries, would probably be replaced by a greater emphasis on "armed struggle" and confrontational politics. The PLO might return to international terrorism on a broad scale and could attack US and Israeli targets. [REDACTED]

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But the major effect would probably be on the PLO's ties with Arab countries. Fatah under Arafat has for some time pursued a policy of establishing good relations with Jordan, the Gulf states, and Saudi Arabia. He has argued that support from moderate Arabs is essential to the success of his diplomatic strategy and has cut back PLO ties with opposition groups in these countries. Moreover, he has fended off radical Palestinian demands that "imperialist" targets such as oil installations be attacked. [REDACTED]

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A severe military defeat would also increase Syrian influence over the PLO. Radical Palestinian groups already have close ties to Damascus, and we believe the moderates--who have traditionally distrusted Syria--would have little choice but to support hardline Syrian positions on the negotiating process and toward Arab moderates. [REDACTED]

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Syrian influence with the PLO would also increase if the Syrians gave the organization military support against the Israelis. We believe Damascus would be compelled to provide such support if Palestinian positions in and around Beirut were attacked. [REDACTED]

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If the radicals dominated the PLO, they would probably reverse Arafat's policy and establish close ties with Arab "national liberation movements." The radicals--particularly the Marxist groups such as the DFLP and the Popular Front for the Liberation of Palestine--have long argued that the Palestinians ought to follow the Vietnamese model and undertake a "prolonged popular war" strategy involving attacks on conservative Arab regimes with the aim of replacing them with radical regimes that could serve as bases from which to attack Israel. Countries with large Palestinian populations such as Jordan and Kuwait would be particular targets of such a strategy, but we believe the radicals would also work against Saudi Arabia. [REDACTED]

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Jordan would probably be the major focus of radical activity because of its long border with Israel and the high percentage--

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some estimates put the number as high as 60 percent--of
Palestinians in its population. [REDACTED]

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The radicals would also begin an attack on US and European economic interests--particularly oil installations--as part of a broader "anti-imperialist" campaign. [REDACTED]

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Although we doubt that radical Palestinians--even in combination with local antiregime forces--could by themselves topple a moderate Arab regime, their activity would exacerbate existing tension and contribute to regional instability. Moreover, such an alliance of radical Palestinians and "progressive" Arab forces would probably work closely with Arab radicals like Syria and Libya to attack moderates. Some of the radical Palestinians already have close ties to Iran--some Palestinians were among the group of Iranian-backed antiregime dissidents arrested in Bahrain earlier this year--and Palestinian support for Iranian destabilization efforts in the Gulf would also increase. [REDACTED]

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SUBJECT: The Impact of an Israeli Attack on the PLO [REDACTED]

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16 March 1982

Impact on Syria and the Israel-Lebanon Situation of a Cessation of Iran-Iraq Hostilities

There are a number of advantages and disadvantages for Syria in a cessation of hostilities between Iran and Iraq. On balance, President Assad probably believes the pluses outweigh the minuses. An end to the war would:

- Improve Syria's relations with the moderate Arab leaders, now opposed to Assad's policy of support of non-Arab Iran in a war with a fellow Arab state.
- Return Syria and its confrontation with Israel to center stage in the Arab world.
- Free some Iraqi forces to support Syria in the event of a war with Israel, although probably only a token force of less than a Division given the poor political relations between Syria and Iraq. [REDACTED]

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From Syria's point of view there are some important negative consequences as well. An end of the war would enable Iraq to devote more attention and aid to:

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-- Assad's Muslim Brotherhood opposition.

-- Anti-Syrian factions in Lebanon trying to undermine Syrian influence there.

-- The Palestine Liberation Organization to strengthen the pro-Iraqi factions and weaken the pro-Syrian ones.

Moreover, Assad might calculate that the longer the war drags on, the greater the chances of Saddam Hussein's ultimate ouster.

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An end to the war is unlikely to end the deepseated Syrian-Iraqi enmity, one based largely on rival claims to Arab leadership. The effects on Lebanon of this continuing rivalry is particularly severe because Damascus and Baghdad conduct a terrorist campaign by proxy there, using their Lebanese surrogates. Such a campaign also emboldens other factions in Lebanon to launch attacks on their rivals. This could have particularly grave consequences if the Christian Phalange sought to take advantage of the situation to expand the area under its control. Such a move risks Syrian intervention against the Christians that the Israelis could not ignore.

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A cessation of Iraqi-Iranian hostilities might persuade Syria to press the Arabs for more economic and diplomatic support in the struggle against Israel. Assad would do so in a way calculated to enhance Syria's position in the Arab world at the expense of Iraq.

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19 March 1982

IMPACT OF TERMINATION OF IRAN-IRAQ WAR ON THEIR
RELATIONSHIPS WITH THE US AND USSR

Assumption--The war ends soon and the settlement involves compromise on both sides.

CONCLUSIONS:

The end of the war will have only a marginal impact on Iran's relations with the superpowers.

- There will be no letup in Iranian hostility to the US or to Iranian subversion of US interests in the region, primarily directed at Tehran's moderate Arab neighbors.
- The USSR will continue to benefit from Iran's fear of the US and its economic and military requirements.

As for Iraq, the US will probably be invited to play a role in postwar economic development and in Baghdad's efforts to reduce its dependence on Soviet military equipment.

- Baghdad will compartmentalize its economic and political dealings with the US. Still, a significantly improved political relationship with the US in the short term is a growing, if still unlikely, possibility.

DISCUSSION:

Iran--Tehran's revolutionary fervor and its suspicions of Washington's intentions ensure that it will remain hostile toward the US after the war ends. These same factors point to a continued gradual improvement in Iranian relations with the USSR.

To the degree that Iran moves to the West at all after the war, it will be mainly in the direction of expanding trade--primarily with Western Europe and Japan. Increased trade, however, will be constrained by the oil glut.

- Iran is finding it difficult to sell even its war-reduced oil output. It is being forced into barter arrangements, largely with Eastern Europe.

Iran will move quickly to demand an end to the Western arms embargo after the war ends, but even if the West is forthcoming, Tehran will maintain relations with its suppliers of Soviet-model arms in order to minimize dependence on any single source.

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With an end to its preoccupation with the war, Tehran will be more able to focus on attempts to subvert its moderate Arab neighbors in the Persian Gulf. Khomeini and other leaders have consistently emphasized that their revolution is Islamic not solely Iranian. Iranian "ideology" argues that Iran is in a long term struggle for survival with the Islamic "counterrevolution"--supported by the infidel West. Therefore, Tehran cannot consolidate its domestic revolution without extending revolutionary Islamic rule abroad.

Iran's size and location make it more important to Soviet strategic interests than Iraq or any other Gulf Arab state. The Soviets will not want to be associated publicly with Iranian subversion in the Gulf because they have hopes of better relations with moderate Arabs. Nevertheless, Moscow could see such efforts as serving broader Soviet interests.

An end to the war will not have a fundamental impact on the major factors affecting Iran's relationship with the USSR. Iran's relations with the Soviets and its allies currently are driven by economic and military needs on the one hand, and by deep suspicion rooted in history on the other. Presumably, an end to the war would make trade with the USSR and Eastern Europe less vital. The volume of goods transitting the USSR should diminish as Iran's northern Gulf ports reopen. The USSR and Eastern Europe, however, will continue to be the best market for barter deals if Iran cannot pay hard currency for western goods.

On the political side, the Soviets will continue to emphasize that they share with Tehran a common enemy--the US--and a common revolutionary outlook, and that Tehran faces a growing threat from the US that only Soviet assistance can counter. At war's end, Tehran probably will more vigorously pursue a foreign policy aimed at improving relations with "oppressed" third world countries, espousing themes of opposition to US imperialism that are coincidentally in step with Soviet aims and propaganda.

Iraq--A settlement of the war would probably reduce Iraqi dependence on the Soviets and lead to a downgrading of the relationship. Iraq will intensify efforts to develop its economy and to refurbish its military, probably with West European and some US equipment. Baghdad still has substantial foreign exchange reserves, and it probably will continue to receive substantial economic assistance from the Gulf Oil states--primarily Saudi Arabia and Kuwait.

Moscow will try to halt Iraq's slide to the West, most likely with offers of military supplies. A balanced arms purchasing policy plus continued tensions with Iran exclude an Iraqi decision to sever the Soviet arms relationship. This military tie will remain Moscow's principal source of leverage with Baghdad.

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Iraq will want better relations with the US. Even if economic ties improve, however, political relations will hinge mainly on Baghdad's perception of US support for Israel.

Iraq, like Iran, also will pursue a more active role in third world politics using their nonaligned leadership position to steer that group away from the pro-Soviet course Cuba has set over the past three years.

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